

2010-123 AUDIT SCOPE AND OBJECTIVES—California Housing Finance Agency (CalHFA)

The audit by the Bureau of State Audits will provide independently developed and verified information related to the financial position of CalHFA and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Identify what actions, policies, and procedures led CalHFA to issue the types and amounts of variable rate debt it issued since 2000 and to establish any related interest rate swaps.
3. Identify what actions, policies, and procedures led CalHFA to issue certain types and amounts of mortgage loans and to establish particular insurance programs related to these loans.
4. Identify the roles of staff, advisors, and consultants in developing and implementing decisions related to the types of bonds issued, including related interest rate swaps, loans purchased, and insurance established by CalHFA.
5. Determine to what extent the CalHFA Board was informed of and involved in decisions identified under objective #4 and evaluate how the current governance structure of CalHFA promotes or inhibits prudent financial decision making.
6. Identify steps CalHFA has taken to avoid insolvency and evaluate their appropriateness. Identify additional steps, if any, that CalHFA should consider to improve its short- and long-term financial position.
7. Examine CalHFA's current financial position and determine the likelihood that CalHFA will remain solvent, paying particular attention to temporary credit and liquidity arrangements with federal government-sponsored enterprises set to expire in December 2012.
8. Review and assess any other issues that are significant to the continued financial solvency of CalHFA.